

CONTRACTORS LICENSING BOARD

Enabling Laws

Act 1829 of 2005

A.C.A. § 17-25-201 created the Contractors Licensing Board

Act 150 of 1965 as amended. See A.C.A. § 17-25-103

Act 950 of 1999 as amended. See A.C.A. § 17-25-508

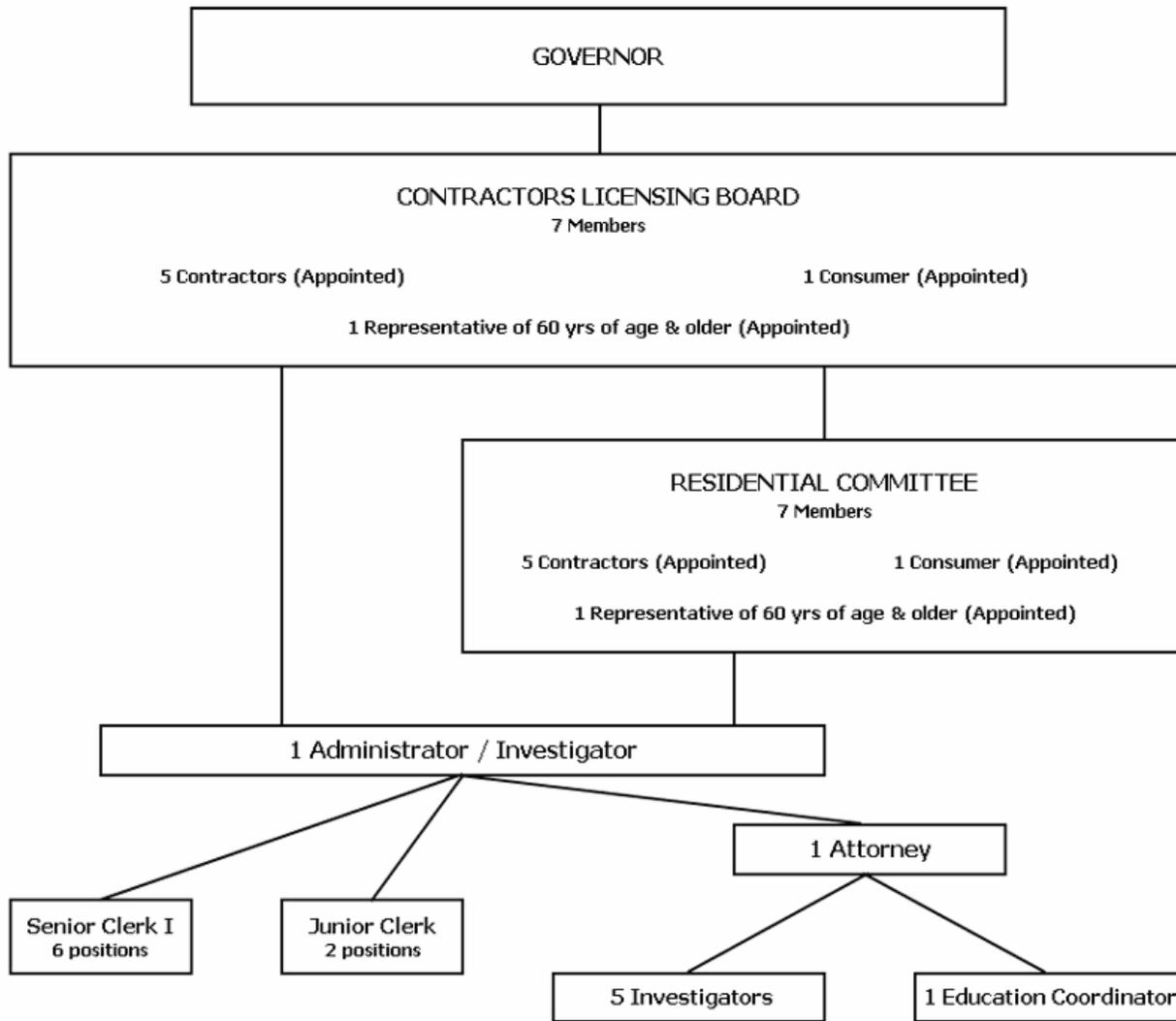
History and Organization

The Contractors Licensing Board was established by Act 124, approved on February 24, 1939, with the intent to preserve public health and safety in the construction industry in the State of Arkansas. Act 150 of 1965, as amended, has been established to efficiently insure public health and safety as well. The Contractors Licensing Board in the guidelines of the above mentioned Acts with the diligence and concern have endeavored to bring all contractors into compliance.

Act 37 of the special legislative session of 1992 amended Act 162 of 1987 and placed the responsibility of the Contractors Bond Law within the framework of the Contractors Licensing Board which is presently working very well with other agencies to insure the financial obligations of contractors to the State of Arkansas. The Contractors Bond Law has closed many gaps of lost revenue for the Revenue Department and other agencies.

The Contractors Licensing Board and its administration is very conscious of cost in relation to services rendered and has been able to implement a program that places this agency in a very cost efficient, economic position.

The Contractors Licensing Board is made up of seven (7) members appointed by the Governor and confirmed by the Senate. Act 950 of 1999 placed the Home Builders Licensure Act with the Contractors Licensing Board. The Residential Committee is made up of seven (7) members appointed by the Governor. We have approximately 3,500 residential contractors licensed.



Agency Commentary

Act 150 of 1965, Act 162 of 1987, and Act 950 of 1999 as amended, prescribe the operation and programs for The Contractors Licensing Board. More specifically, the Board is responsible for determining the qualifications of applicants for a contractor's license and authorizing the issuance of new and renewal licenses. Additionally, the Board investigates all alleged and factual violations of the Contractors Licensing Law, the Contractors Bond Law, and the Residential Licensing Law. To resolve any violations, the Board holds hearings and meetings to bring contractors in compliance with the laws of the State of Arkansas. The maximum fee set forth is \$100. Currently, all original applications require a \$100 fee, and renewal applications, if received on time, require a \$50 fee. The State of Arkansas has 10,200 licensed contractors who are qualified to perform work. The Contractors Licensing Board will meet 23 times a year in the normal course of their business and the Residential Committee will meet 12 times per year. The Contractors Licensing Board staff consists of the following sixteen (16) positions: one (1) administrator/investigator, five (5) investigators, six (6) senior clerks (one is currently a supplemental position), two (2) junior clerks, one (1) attorney, and one (1) education coordinator.

The Contractors Licensing Board is requesting that a supplemental position utilized as a senior clerk become a regular position. Additionally, the Board is requesting two (2) new investigator positions. The investigator positions are necessary to meet the requirements and the demands of the growing number of complaints and violations relating to Act 950. The maintenance and operation request is made because of increased costs that will be incurred for the support of, and any increased costs associated with, the new investigator positions. The increase in violations and hearings cause us to request an increase in Professional Fees in order to meet the hearing obligations for the coming biennium. The Capital Outlay request is for the replacement of outdated, non-repairable equipment, and additional equipment that may be needed in the course of the biennium.

The agency does have sufficient cash funds and revenues anticipated for the coming year to support the additional requests.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 CONTRACTORS LICENSING BOARD
 FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	7	8	15	94 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	1	1	6 %
Total Minorities			1	6 %
Total Employees			16	100 %

Cash Fund Balance Description as of June 30, 2006

Fund Account	Balance	Type	Location
3110000	\$3,175,000	Checking, Management Fund	Regions Bank - Little Rock, State Treas.

Statutory/Other Restrictions on use:

A.C.A. 17-25-205 - 17-25-402 Fees Shall be deposited in banks to be used by the Board in the manner prescribed by law.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A.17-25-103 - 17-25-303 - 17-25-402 Authorizes agency to collect fees and penalties.

Revenue Receipts Cycle:

Fees and penalties are collected throughout the year.

Fund Balance Utilization:

It will be necessary to use these surplus funds for normal operations in the future.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Contractors License, Law, Bond Law and Rules Regulations	A.C.A. §17-25-315	N	N	15,000	Public Use
New and Renewal Applications	A.C.A. §17-25-303	N	N	10,000	Necessary for Licensure Process
Newsletters Annually	A.C.A. §17-25-206	N	N	10,000	Information Purposes
Rosters	A.C.A. §17-25-206 (d)	N	N	3,000	Public Use

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
15	15	0	15	0	0.00%	15	16	0	16	-1	-6.67%	15	16	0	16	-1	-6.67%

Negative number is due to a budgeted filled supplemental position.

Analysis of Budget Request

Appropriation: A03 - Cash Operations

Funding Sources: 311 - Contractors Licensing Board Cash Fund

The Contractor's Licensing Board is responsible for determining qualifications of applicants for contractor's licenses and authorizing the issuance of new and renewal licenses. The Board investigates all alleged and factual violations of the contractor's licensing law and contractor's bond law as well as holds hearings and assesses penalties to ensure compliance. The Contractor's Licensing Board is funded from the receipt of fees charged for examination, issuance, and renewal of commercial contractor's licenses and penalties associated with violations of regulations.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$685,935 for FY08 and \$685,935 for FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Contractors Licensing Board is requesting an increase for both FY08 and FY09 in Regular Salaries of \$127,053 and Personal Service Matching of \$40,208 for two (2) additional Investigator positions and one supplemental position. The additional workload that has resulted in the need for these positions is due to the increased number of complaints received and investigations conducted in the residential industry. The Agency requests an increase in Operating Expenses of \$65,300 in FY08 and FY09 to meet the growing needs of the agency and its employees. An increase in Conference and Travel Expenses of \$3,500 for each fiscal year is requested to meet training obligations for the two new positions. In addition, the Agency's staff attorney is now Acting President of a national organization and he will be installed as President in August of 2006. He will remain on the executive committee for two years. An increase in Professional Fees of \$4,000 per fiscal year is requested for expenses associated with administrative hearings, hearing officer fees, and transcript fees. Transcripts of the hearings are required for the appeals process. The final request is a restoration of Capital Outlay for \$12,000 in FY08 and FY09 for the replacement of outdated, non-repairable equipment or to provide additional equipment as needed during the next biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation

Appropriation: A03 Cash Operations
Funding Sources: 311 - Contractors Licensing Board Cash Fund

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	663,297	685,935	678,668	685,935	812,988	812,988	685,935	812,988	812,988
#Positions	15	15	15	15	18	18	15	18	18
Personal Services Matching 5010003	202,978	217,343	185,190	211,031	251,239	251,239	211,031	251,239	251,239
Supplemental Emerg Positions 5010007	26,244	36,041	0	0	0	0	0	0	0
Operating Expenses 5020002	256,380	258,181	258,181	258,181	323,481	323,481	258,181	323,481	323,481
Conference & Travel Expenses 5050009	7,992	5,900	5,900	5,900	9,400	9,400	5,900	9,400	9,400
Professional Fees 5060010	27,598	28,000	28,000	28,000	32,000	32,000	28,000	32,000	32,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Grants and Aid 5100004	95,200	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Refunds/Reimbursements 5110014	60,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capital Outlay 5120011	10,374	16,500	16,500	0	12,000	12,000	0	12,000	12,000
Investments 5120013	0	156,504	156,504	156,504	156,504	156,504	156,504	156,504	156,504
Total	1,350,063	1,604,404	1,528,943	1,545,551	1,797,612	1,797,612	1,545,551	1,797,612	1,797,612
Funding Sources									
Fund Balance 4000005	2,645,189	3,291,839		3,387,435	3,387,435	3,387,435	2,989,832	2,989,832	2,989,832
Cash Fund 4000045	1,996,713	1,700,000		1,147,939	1,400,000	1,400,000	1,147,939	1,400,000	1,400,000
Total Funding	4,641,902	4,991,839		4,535,374	4,787,435	4,787,435	4,137,771	4,389,832	4,389,832
Excess Appropriation/(Funding)	(3,291,839)	(3,387,435)		(2,989,823)	(2,989,823)	(2,989,823)	(2,592,220)	(2,592,220)	(2,592,220)
Grand Total	1,350,063	1,604,404		1,545,551	1,797,612	1,797,612	1,545,551	1,797,612	1,797,612

The FY07 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2005-2007 biennium.

Actual Expenditures for FY06 Conference and Travel Expenses exceed Authorized due to a cash increase letter in February 2006.

The Board was granted an Emergency Supplemental Position (Senior Clerk) in FY06.

Change Level by Appropriation

Appropriation: A03-Cash Operations

Funding Sources: 311 - Contractors Licensing Board Cash Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,545,551	15	1,545,551	100.0	1,545,551	15	1,545,551	100.0
C01	Existing Program	203,988	2	1,749,539	113.2	203,988	2	1,749,539	113.2
C06	Restored Position	48,073	1	1,797,612	116.3	48,073	1	1,797,612	116.3

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,545,551	15	1,545,551	100.0	1,545,551	15	1,545,551	100.0
C01	Existing Program	203,988	2	1,749,539	113.2	203,988	2	1,749,539	113.2
C06	Restored Position	48,073	1	1,797,612	116.3	48,073	1	1,797,612	116.3

Justification

C01	The Contractors Licensing Board is requesting two (2) additional investigator positions (\$45,506 annually per position) due to the increased number of complaints received and investigations conducted by the Agency. Additional requests are made in Operating Expenses (\$65,300) and Conference Fees and Travel (\$3,500) for increased costs associated with the 2 new positions; Professional Fees (\$4,000) for increases in administrative hearings; and Capital Outlay (\$12,000) to replace outdated, non-repairable equipment.
C06	Supplemental position established to conduct essential business, services will continue to be needed (\$36,041 annually).